

State of Arizona  
House of Representatives  
Forty-eighth Legislature  
First Regular Session  
2007

# HOUSE BILL 2041

AN ACT

AMENDING SECTION 15-185, ARIZONA REVISED STATUTES; RELATING TO CHARTER SCHOOLS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-185, Arizona Revised Statutes, is amended to  
3 read:

4 15-185. Charter schools; financing; definitions

5 A. Financial provisions for a charter school that is sponsored by a  
6 school district governing board are as follows:

7 1. The charter school shall be included in the district's budget and  
8 financial assistance calculations pursuant to paragraph 3 of this subsection  
9 and chapter 9 of this title, except for chapter 9, article 4 of this  
10 title. The charter of the charter school shall include a description of the  
11 methods of funding the charter school by the school district. The school  
12 district shall send a copy of the charter and application, including a  
13 description of how the school district plans to fund the school, to the state  
14 board of education before the start of the first fiscal year of operation of  
15 the charter school. The charter or application shall include an estimate of  
16 the student count for the charter school for its first fiscal year of  
17 operation. This estimate shall be computed pursuant to the requirements of  
18 paragraph 3 of this subsection.

19 2. A school district is not financially responsible for any charter  
20 school that is sponsored by the state board of education or the state board  
21 for charter schools.

22 3. A school district that sponsors a charter school may:

23 (a) Increase its student count as provided in subsection B, paragraph  
24 2 of this section during the first year of the charter school's operation to  
25 include those charter school pupils who were not previously enrolled in the  
26 school district. A charter school sponsored by a school district governing  
27 board is eligible for the assistance prescribed in subsection B, paragraph 4  
28 of this section. The soft capital allocation as provided in section 15-962  
29 for the school district sponsoring the charter school shall be increased by  
30 the amount of the additional assistance. The school district shall include  
31 the full amount of the additional assistance in the funding provided to the  
32 charter school.

33 (b) Compute separate weighted student counts pursuant to section  
34 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter  
35 school pupils in order to maintain eligibility for small school district  
36 support level weights authorized in section 15-943, paragraph 1 for its  
37 noncharter school pupils only. The portion of a district's student count  
38 that is attributable to charter school pupils is not eligible for small  
39 school district support level weights.

40 4. If a school district uses the provisions of paragraph 3 of this  
41 subsection, the school district is not eligible to include those pupils in  
42 its student count for the purposes of computing an increase in its revenue  
43 control limit and district support level as provided in section 15-948.

44 5. A school district that sponsors a charter school is not eligible to  
45 include the charter school pupils in its student count for the purpose of

1 computing an increase in its capital outlay revenue limit as provided in  
2 section 15-961, subsection C, except that if the charter school was  
3 previously a school in the district, the district may include in its student  
4 count any charter school pupils who were enrolled in the school district in  
5 the prior year.

6 6. A school district that sponsors a charter school is not eligible to  
7 include the charter school pupils in its student count for the purpose of  
8 computing the revenue control limit which is used to determine the maximum  
9 budget increase as provided in chapter 4, article 4 of this title unless the  
10 charter school is located within the boundaries of the school district.

11 7. If a school district converts one or more of its district public  
12 schools to a charter school and receives assistance as prescribed in  
13 subsection B, paragraph 4 of this section, and subsequently converts the  
14 charter school back to a district public school, the school district shall  
15 repay the state the total additional assistance received for the charter  
16 school for all years that the charter school was in operation. The repayment  
17 shall be in one lump sum and shall be reduced from the school district's  
18 current year equalization assistance. The school district's general budget  
19 limit shall be reduced by the same lump sum amount in the current year.

20 B. Financial provisions for a charter school that is sponsored by the  
21 state board of education or the state board for charter schools are as  
22 follows:

23 1. The charter school shall calculate a base support level as  
24 prescribed in section 15-943, except that sections 15-941 and 15-942 do not  
25 apply to these charter schools.

26 2. Notwithstanding paragraph 1 of this subsection, the student count  
27 shall be determined initially using an estimated student count based on  
28 actual registration of pupils before the beginning of the school year. After  
29 the first one hundred days or two hundred days in session, as applicable, the  
30 charter school shall revise the student count to be equal to the actual  
31 average daily membership, as defined in section 15-901, or the adjusted  
32 average daily membership, as prescribed in section 15-902, of the charter  
33 school. Before the one hundredth day or two hundredth day in session, as  
34 applicable, the state board of education or the state board for charter  
35 schools may require a charter school to report periodically regarding pupil  
36 enrollment and attendance and the department of education may revise its  
37 computation of equalization assistance based on the report. A charter school  
38 shall revise its student count, base support level and additional assistance  
39 before May 15. A charter school that overestimated its student count shall  
40 revise its budget before May 15. A charter school that underestimated its  
41 student count may revise its budget before May 15.

42 3. A charter school may utilize section 15-855 for the purposes of  
43 this section. The charter school and the department of education shall  
44 prescribe procedures for determining average daily attendance and average  
45 daily membership.

1           4. Equalization assistance for the charter school shall be determined  
2 by adding the amount of the base support level and additional  
3 assistance. The amount of the additional assistance is one thousand three  
4 hundred eighty-seven dollars twenty-five cents per student count in  
5 kindergarten programs and grades one through eight and one thousand six  
6 hundred sixteen dollars eighty-one cents per student count in grades nine  
7 through twelve.

8           5. The state board of education shall apportion state aid from the  
9 appropriations made for such purposes to the state treasurer for disbursement  
10 to the charter schools in each county in an amount as determined by this  
11 paragraph. The apportionments shall be made in twelve equal installments of  
12 the total amount to be apportioned during the fiscal year on the fifteenth  
13 day of each month of the fiscal year.

14           6. Notwithstanding paragraph 5 of this subsection, if sufficient  
15 appropriated monies are available after the first forty days in session of  
16 the current year, a charter school may request additional state monies to  
17 fund the increased state aid due to anticipated student growth through the  
18 first one hundred days or two hundred days in session, as applicable, of the  
19 current year as provided in section 15-948. In no event shall a charter  
20 school have received more than three-fourths of its total apportionment  
21 before April 15 of the fiscal year. Early payments pursuant to this  
22 subsection must be approved by the state treasurer, the director of the  
23 department of administration and the superintendent of public instruction.

24           7. The charter school shall not charge tuition, levy taxes or issue  
25 bonds.

26           8. Not later than noon on the day preceding each apportionment date  
27 established by paragraph 5 of this subsection, the superintendent of public  
28 instruction shall furnish to the state treasurer an abstract of the  
29 apportionment and shall certify the apportionment to the department of  
30 administration, which shall draw its warrant in favor of the charter schools  
31 for the amount apportioned.

32           C. If a pupil is enrolled in both a charter school and a public school  
33 that is not a charter school, the sum of the daily membership, which includes  
34 enrollment as prescribed in section 15-901, subsection A, paragraph 2,  
35 subdivisions (a) and (b) and daily attendance as prescribed in section  
36 15-901, subsection A, paragraph 6, for that pupil in the school district and  
37 the charter school shall not exceed 1.0, except that if the pupil is enrolled  
38 in both a charter school and a joint technological education district and  
39 resides within the boundaries of a school district participating in the joint  
40 technological education district, the sum of the average daily membership for  
41 that pupil in the charter school and the joint technological education  
42 district shall not exceed 1.25. If a pupil is enrolled in both a charter  
43 school and a public school that is not a charter school, the department of  
44 education shall direct the average daily membership to the school with the  
45 most recent enrollment date. Upon validation of actual enrollment in both a

1 charter school and a public school that is not a charter school and if the  
2 sum of the daily membership or daily attendance for that pupil is greater  
3 than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between  
4 the public school and the charter school based on the percentage of total  
5 time that the pupil is enrolled or in attendance in the public school and the  
6 charter school, except that if the pupil is enrolled in both a charter school  
7 and a joint technological education district and resides within the  
8 boundaries of a school district participating in the joint technological  
9 education district, the sum of the average daily membership for that pupil in  
10 the charter school and the joint technological education district shall be  
11 reduced to 1.25 and shall be apportioned between the charter school and the  
12 joint technological education district based on the percentage of total time  
13 that the pupil is enrolled or in attendance in the charter school and the  
14 joint technological education district. The uniform system of financial  
15 records shall include guidelines for the apportionment of the pupil  
16 enrollment and attendance as provided in this section.

17 D. Charter schools are allowed to accept grants and gifts to  
18 supplement their state funding, but it is not the intent of the charter  
19 school law to require taxpayers to pay twice to educate the same pupils. The  
20 base support level for a charter school or for a school district sponsoring a  
21 charter school shall be reduced by an amount equal to the total amount of  
22 monies received by a charter school from a federal or state agency if the  
23 federal or state monies are intended for the basic maintenance and operations  
24 of the school. The superintendent of public instruction shall estimate the  
25 amount of the reduction for the budget year and shall revise the reduction to  
26 reflect the actual amount before May 15 of the current year. If the  
27 reduction results in a negative amount, the negative amount shall be used in  
28 computing all budget limits and equalization assistance, except that:

29 1. Equalization assistance shall not be less than zero.

30 2. For a charter school sponsored by the state board of education or  
31 the state board for charter schools, the total of the base support level, the  
32 capital outlay revenue limit, the soft capital allocation and the additional  
33 assistance shall not be less than zero.

34 3. For a charter school sponsored by a school district, the base  
35 support level for the school district shall not be reduced by more than the  
36 amount that the charter school increased the district's base support level,  
37 capital outlay revenue limit and soft capital allocation.

38 E. If a charter school was a district public school in the prior year  
39 and is now being operated for or by the same school district and sponsored by  
40 the state board of education, the state board for charter schools or a school  
41 district governing board, the reduction in subsection D of this section  
42 applies. The reduction to the base support level of the charter school or  
43 the sponsoring district of the charter school shall equal the sum of the base  
44 support level and the additional assistance received in the current year for

1 those pupils who were enrolled in the traditional public school in the prior  
2 year and are now enrolled in the charter school in the current year.

3 F. Equalization assistance for charter schools shall be provided as a  
4 single amount based on average daily membership without categorical  
5 distinctions between maintenance and operations or capital.

6 G. At the request of a charter school, the county school  
7 superintendent of the county where the charter school is located may provide  
8 the same educational services to the charter school as prescribed in section  
9 15-308, subsection A. The county school superintendent may charge a fee to  
10 recover costs for providing educational services to charter schools.

11 H. If the sponsor of the charter school determines at a public meeting  
12 that the charter school is not in compliance with federal law, with the laws  
13 of this state or with its charter, the sponsor of a charter school may submit  
14 a request to the department of education to withhold up to ten per cent of  
15 the monthly apportionment of state aid that would otherwise be due the  
16 charter school. The department of education shall adjust the charter  
17 school's apportionment accordingly. The sponsor shall provide written notice  
18 to the charter school at least seventy-two hours before the meeting and shall  
19 allow the charter school to respond to the allegations of noncompliance at  
20 the meeting before the sponsor makes a final determination to notify the  
21 department of education of noncompliance. The charter school shall submit a  
22 corrective action plan to the sponsor on a date specified by the sponsor at  
23 the meeting. The corrective action plan shall be designed to correct  
24 deficiencies at the charter school and to ensure that the charter school  
25 promptly returns to compliance. When the sponsor determines that the charter  
26 school is in compliance, the department of education shall restore the full  
27 amount of state aid payments to the charter school.

28 I. IN ADDITION TO THE WITHHOLDING OF STATE AID PAYMENTS PURSUANT TO  
29 SUBSECTION H OF THIS SECTION, THE SPONSOR OF A CHARTER SCHOOL MAY IMPOSE A  
30 CIVIL PENALTY OF ONE THOUSAND DOLLARS PER OCCURRENCE IF A CHARTER SCHOOL  
31 FAILS TO COMPLY WITH THE FINGERPRINTING REQUIREMENTS PRESCRIBED IN SECTION  
32 15-183, SUBSECTION C OR SECTION 15-512. THE SPONSOR OF A CHARTER SCHOOL  
33 SHALL NOT IMPOSE A CIVIL PENALTY IF IT IS THE FIRST TIME THAT A CHARTER  
34 SCHOOL IS OUT OF COMPLIANCE WITH THE FINGERPRINTING REQUIREMENTS AND IF THE  
35 CHARTER SCHOOL PROVIDES PROOF WITHIN FORTY-EIGHT HOURS OF WRITTEN  
36 NOTIFICATION THAT AN APPLICATION FOR THE APPROPRIATE FINGERPRINT CHECK HAS  
37 BEEN RECEIVED BY THE DEPARTMENT OF PUBLIC SAFETY. THE SPONSOR OF THE CHARTER  
38 SCHOOL SHALL OBTAIN PROOF THAT THE CHARTER SCHOOL HAS BEEN NOTIFIED AND THE  
39 NOTIFICATION SHALL IDENTIFY THE DATE OF THE DEADLINE AND SHALL BE SIGNED BY  
40 BOTH PARTIES. THE SPONSOR OF A CHARTER SCHOOL SHALL AUTOMATICALLY IMPOSE A  
41 CIVIL PENALTY OF ONE THOUSAND DOLLARS PER OCCURRENCE IF THE SPONSOR  
42 DETERMINES THAT THE CHARTER SCHOOL SUBSEQUENTLY VIOLATES THE FINGERPRINTING  
43 REQUIREMENTS. CIVIL PENALTIES PURSUANT TO THIS SECTION SHALL BE ASSESSED BY  
44 REQUESTING THE DEPARTMENT OF EDUCATION TO REDUCE THE AMOUNT OF STATE AID THAT  
45 THE CHARTER SCHOOL WOULD OTHERWISE RECEIVE BY AN AMOUNT EQUAL TO THE CIVIL

1 PENALTY. THE AMOUNT OF STATE AID WITHHELD SHALL REVERT TO THE STATE GENERAL  
2 FUND AT THE END OF THE FISCAL YEAR.

3 ~~I.~~ J. A charter school may receive and spend monies distributed by  
4 the department of education pursuant to section 42-5029, subsection E and  
5 section 37-521, subsection B.

6 ~~J.~~ K. For the purposes of this section:

7 1. "Monies intended for the basic maintenance and operations of the  
8 school" means monies intended to provide support for the educational program  
9 of the school, except that it does not include supplemental assistance for a  
10 specific purpose or P.L. 81-874 monies. The auditor general shall determine  
11 which federal or state monies meet the definition in this paragraph.

12 2. "Operated for or by the same school district" means the charter  
13 school is either governed by the same district governing board or operated by  
14 the district in the same manner as other traditional schools in the district  
15 or is operated by an independent party that has a contract with the school  
16 district. The auditor general and the department of education shall  
17 determine which charter schools meet the definition in this subsection.